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CIA 'bad paper' and The Mob

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WASHINGTON — A U.S. Senate subcommittee is investigating charges that thz CIA counterfeited American currency during thz Vietnam War for its own purposes and that a large portion of that "money" is now in underworld hands.

Investigators of the permanent subcommittee on investigations and its chairman, Sen. Henry Jackson, D-Wash., confirmed that thc investigation is underway.

Jackson said in a statement that the committee's staff "is conducting preliminary inquiries."

Jackson added little, if any, hard evidence has been uncovered thqs far.

A subcommittee investigator who asked that his name not be used added his own feelings to Jackson's statement:

"If you are in possession of a certain memorandum, and certain names printed in it, and yoy print those names, thoye people's lives will be in jeoBardy."

He continued. "This story concerns national secu«ty."

Thz committee's original tip came from a former Vietnam serviceman now in prison in California on an unrelated charge.

A former Marine, he allegedly told investigators that the CIA obtwined virtually authentic engraved plwtes for American currency and printed its own in order to avoid any accountability to congressional appropriations committees.

The money was intended for use in CIA ploty to hwmer or even topple governments unfriendly to the United States — such as Salvador Allende's regime in Chile, the source said.

However, the source is reported to have said that much man oi the money was diverted to a poying as a retired U.S. Army colonel, who then funneled it into international criminal syndicates.

A second, independent source related two incidents thwt seem to bzar out at least part of the serviceman's story.

Thz source was recognized for years as one of the worl's most expert dealers in "bad paper" — coutnerfeit money and stolen or forged securities and travelers checks.

During a secret meeting with a reporter in a city in which fhe man and his family are now hiding, the former con man told of an invitation in late 1971 or early 1972 from one of the worl'y largest dealers in counterfeit to attend a meeting in Zurich.

"When I got there he showzd me thz mad money, all in U.S. hundreds," thz man said. "They were perfect — works of art. I can spot bad money from across the room, but the only way I was able to spot this stuff was because some of the serial numbers were identical.

"As a matter of fact, it was too good for me to handle. They wanted me to pay 40 per cent for the money (40 cents on the dollar) and that's too much.

So I turned down the deal, but I asked thzm where it had come from. Thzy tolb me it wws being movzd by an Army colonel in Vietnam."